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SUMMARY RECORD OF THE 5th MEETING

Held at Headquarters, New York,
on Tuesday, 11 February 1992, at 10.45 a.m.

President:	Mr. ADOUKI (Vice-President)	(Congo)
later:	Mr. BREITENSTEIN (President)	(Finland)

CONTENTS

Other matters (continued)

Preparations for the fifth programming cycle (continued)

Human Development Report

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In the absence of the President, Mr. Adouki (Congo), Vice-President, took the Chair.

The meeting was called to order at 10.45 a.m.

OTHER MATTERS (continued)

Progress report on the senior management structure (continued)

1. Ms. SCHAFER-PREUSS (Germany) asked whether there were any differences between the pilot schemes being introduced in Central America and in West Africa, and what the response of the field offices had been. She also wished to know what problems the new arrangements were intended to resolve, and requested further details of the increased approval authority of $3 million for regional bureau directors.

2. Mr. DRAPER (Administrator) said that the prior limit for resident representatives had been $750,000. As division chiefs took more control of the clusters, the amount available to resident representatives would increase to $1 million, and bureau directors would have authority up to $3 million without recourse to the Action Committee. The essential aim was to decentralize authority to those in the field.

3. Mrs. DUDIK-GAYOSA (United States of America) said that the Administrator, by implementing the pilot scheme, had ignored the views of the Governing Council, which, at its previous session, had decided that UNDP should confine itself to devising an action plan relating to the senior management structure without, however, putting it into effect, pending further consideration of the issue.

4. Mr. DRAPER (Administrator) said that UNDP had made known its intention to proceed with the pilot scheme to all delegations, including that of the United States of America, and had not been aware of any objection. The Programme had sought to proceed with the concept of the division manager as head of a cluster of resident representatives. UNDP had not acted against the wishes of the Governing Council, but was merely seeking to improve communication by division chiefs with the field.

5. Ms. MARTINEZ (Regional Bureau for Latin America and the Caribbean) said that the concept of division manager represented an endeavour to enhance the functions of the division chief, thus decentralizing responsibility to field offices and enabling them to discharge their functions more effectively. The ultimate aim was to allow field offices to improve the provision of the services sought by donor and recipient Governments. Field offices would thereby become more accountable.

6. With regard to the changes that would be introduced under the new system, the new division chiefs would be responsible for a manageable cluster of countries, five in the case of Central America, making it possible to achieve

(Mr. Martinez)

greater familiarity with each country programme. Periodic meetings were being held with resident representatives to discuss issues relating to the pilot test, which had been defined in consultation with the resident representatives working in Central America and West Africa. The four priority areas were programme and project quality, policy interaction, staffing in connection with planning and management, and budgetary strategy and management. The essence of the new approach was collaborative work planning. Previously there had been no systematic follow-up with regard to work planning.

7. In order to determine how successful the new approach was, UNDP would need to establish and measure various benchmarks. The Council would appreciate that the time-frame had so far been rather short, in that the pilot scheme had started only in November 1991. While the focus under the scheme was on the resident representatives and the division chiefs, it should be understood that the essence of the project was to encourage cooperation between teams at headquarters and in the field.

8. In the area of project design, she said that increased responsibility for project approval had been delegated to the field, granting resident representatives powers to approve to a limit of $1 million and bureau directors to a limit of $3 million. The intention was to limit headquarters involvement to the initial stages of project design and to those projects which posed special difficulties or had policy implications.

9. It was important to explore training and recruitment measures aimed at improving the project design capability of particular offices. Project appraisal committees had been set up at the field level, the aim being to ensure that field offices had more responsibility, without jeopardizing the quality of project design. Initial results in Central America had been encouraging.

10. Mr. TANTOT (France) said that, while the reforms undoubtedly corresponded to real needs, his delegation had certain concerns relating to the United Nations Capital Development Fund (UNCDF). The amalgamation of UNCDF and the Bureau for Programme Policy and Evaluation posed a threat to the autonomy UNCDF enjoyed through its direct attachment to the Office of the Administrator. It was essential to preserve that autonomy if UNCDF was to be fully utilized within UNDP. Its attachment to the Bureau would severely reduce its fund-raising capabilities, with a resulting net loss of resources to UNDP and its associated funds. France hoped, therefore, that the question would be carefully considered at the next session, and that the status of UNCDF within UNDP would be correctly redefined.

11. His delegation's second concern was the increasing marginalization of the United Nations Sudano-Sahelian Office (UNSO). The Office had a vital role to play, and it was essential that its functions should be properly coordinated with regional directors and with the Sahel and Sahara Observatory. He noted with concern that the Observatory had not received the expected support from

(Mr. Tantot, France)

UNDP and that there was, consequently, a danger of competition between the Observatory and UNSO. He urged delegations to give both organizations the support that had been pledged.

12. Mr. KABIR (Observer for Bangladesh) said that his delegation also attached great importance to the autonomy of UNCDF and that he concurred with the views expressed on that topic by the representative of France.

13. Mr. DRAPER (Administrator) said, with reference to the second point raised by the representative of France, that it was essential to ensure close cooperation between UNSO and the Observatory, or any other bilateral or multilateral anti-desertification programme. He noted that the good coordination between UNSO and the Bureau's environmental advocacy programme should ensure a substantial improvement in the quality of UNSO operations. He agreed, however, that the Council should encourage cooperation and not competition between the bodies.

14. With regard to the status of UNCDF and its relationship to the Bureau, he noted that all UNCDF programmes contained some technical assistance components. In view of the strong connection between technical assistance and small capital assistance in projects, it was only logical to make a structural connection. The Council had been pleased by the results of that connection, and UNCDF officials did not feel that their independence had been jeopardized. He suggested that delegations which shared the concerns expressed by France should discuss the matter further with UNCDF representatives, and he assured them that the improved communication between the technical and capital assistance components had not lessened the autonomy enjoyed by the Fund.

15. Mrs. DUDIK-GAYOSA (United States of America) said that her delegation supported the importance of strengthening the strategy formulation capacity of UNDP. She looked forward, therefore, to learning at the next session how UNDP intended to enhance the role of strategy formulation.

16. With regard to the increased delegation of authority to the field, her delegation was surprised to learn that such measures had already been adopted on a pilot basis, in view of the agreement reached in June 1991 that no action would be taken without a concomitant increase in accountability and quality-control mechanisms, and particularly in view of the apparent dismantling of some of the effective quality-control mechanisms which had been set in place in previous years. In addition, the United States had expected that a report would be presented to the Council on the rationale behind the increase in the level of delegation and on the proposed new accountability mechanisms. She noted also that UNDP projects were getting smaller, rather than larger, and wondered what the median size of its projects had been in 1991 and whether they had approached the $750,000 limit. Her delegation believed that, in many cases, field offices were not fully using the powers of delegation available to them, and she therefore questioned the necessity to increase the delegation of authority.

(Mrs. Dudik-Gayosa, United States)

17. The United States also shared the concerns expressed about UNCDF, and stressed the importance of safeguarding the integrity of the Fund and of its project design, selection and approval processes.

18. With regard to the Obligations and Payments System, she hoped that the action plan to be presented in June 1992 would contain answers to such questions as the integration of the System into UNDP headquarters, the size of the System's resources in relation to the overall size of the UNDP programme, and the functions performed for the System by the field offices, with an indication whether the System was reimbursing the field offices for their costs from its own earnings.

19. While she appreciated UNDP efforts to intensify consultations with members of the Council during the year, she noted the fine line between consultations for the purposes of information and consultations held outside the formal governance process which could subsequently be interpreted as a go-ahead for policy measures. In general, she noted that those consultations demonstrated the need for a more continuous governing mechanism such as an administrative board.

20. Mr. DRAPER (Administrator) said, with reference to the question of the delegation of authority, that the Administrator needed the flexibility to determine the extent of authority to be delegated to the field. When the programme limit had been increased from $400,000 to $750,000 at the field level, the Council had been duly notified. With regard to the quality-control mechanisms, he noted that an action committee had been set up to improve quality control and that it had not been dismantled. Although its mandate had been slightly changed, its performance had been improved, and there was no intention to dismantle any of the existing quality-control mechanisms.

21. He agreed with the United States delegation that a smaller executive body, such as that recommended by the Nordic study, would help increase the transparency of UNDP operations and would lead to more coherent action with the Governing Council, but noted that it was for the members of the Council, and not the Administrator, to decide the question of such an executive body.

22. Mr. KINLOCH (Regional Bureau for Africa) said that a series of problems had been identified in the Division for West Africa. Those included the uneven capacity and performance of the various field offices, the necessity for greater promptness and efficiency in the formulation and approval of projects, staffing difficulties, and problems in communication between headquarters and field offices.

23. Systematic efforts were being made to resolve those problems and, in particular, field offices had been advised to consult with the Governments that they served, as well as donor representatives, on ways of improving their performance. Closer cooperation in work planning was being pursued, and field offices were being challenged to set higher goals in their planning while they,

(Mr. Kinloch)

in turn, were demanding maximum support from headquarters. Headquarters was endeavouring to ensure a more systematic delivery of facilitation and support, particularly with regard to subregional training, computer facilities, buildings and other infrastructural inputs, essential for the efficient operation of the field offices. A mutual performance appraisal approach had been adopted, whereby headquarters and each field office appraised plans, as well as each other's support and performance. The delegation of an additional measure of authority in project approval to the field office was intended to improve the performance of field offices, not to detract from the authority of headquarters. Such increased delegation of authority should help minimize mistakes in the initial stages of projects. By involving donor representatives, Governments, experts from bilateral programmes and local university experts in the formulation and review of projects, quality could be achieved at the field level, thus reducing the need for quality control.

24. Mr. Breitenstein (Finland) took the Chair.

25. Mr. ELLIS (United Kingdom) said that, at its previous session, the Council had encountered substantial problems in dealing with the issue of the delegation of authority. It would require very clear information on the problems encountered so far and the objectives of the pilot project if it was to reach any agreement in May 1992. He stressed, therefore, that the presentation by the Administrator and his staff on the subject would need to be very meticulous.

26. Ms. JACOBSEN (Norway) noted that the Council was currently only holding a briefing session. As the issue of the enhanced management structure was on the agenda for the May 1992 session, it would be comprehensively discussed at that time.

27. Mr. KABIR (Observer for Bangladesh) said that his delegation welcomed the enhancement of project approval authority at the field level and hoped that it would be extended to other regions and bureaux.

28. Mrs. DUDIK-GAYOSA (United States of America) said that her delegation had understood, from discussions at the June 1991 session of the Standing Committee, that the programme and project approval committees set up in the mid-1980s had been discontinued. She requested, therefore, that the secretariat should provide a schematic indication of the existing internal review processes for country programmes, when the question of the approval of country programmes was being considered by the Standing Committee.

29. Mr. DRAPER (Administrator) said that the programme and project approval committees had not been dismantled and were in fact still very active.

30. The PRESIDENT said that, if he heard no objection, he would take it that the Governing Council wished to take note of the oral report by the Administrator and of the comments thereon made by delegations.

31. It was so decided.

PREPARATIONS FOR THE FIFTH PROGRAMMING CYCLE (continued)

Follow-up to decision 91/29 (continued) (DP/1992/6 and Add.1)

32. Mr. YUH (Observer for the Republic of Korea) said that, taking into account government cost-sharing, UNDP expenditure in his country during the fifth programming cycle was likely to exceed $10 million. His Government was willing to meet its obligations as a net contributor country and cover the local costs of the UNDP office in the Republic of Korea, except for those relating to staff dispatched by UNDP. In that connection, his Government would welcome the retention of funding for the post of Deputy Resident Representative in the Republic of Korea at least until the end of 1993. His Government continued to attach great importance to the question of development, and remained eager to participate with UNDP in that endeavour.

Communications received from Estonia, Latvia, Lithuania, Belarus and Ukraine (DP/1992/8, DP/1992/9 and DP/1992/50)

33. Mr. DRAPER (Administrator) recalled that in decision 91/24, the Council had requested UNDP to establish country and regional programmes for Eastern European countries; it had been understood that the assistance provided would not be at the expense of UNDP resources to countries receiving official development assistance. Since then, sweeping changes had occurred in the region, with the collapse of the Soviet Union, the formation of the Commonwealth of Independent States (CIS) and the regaining of independence by the three Baltic Republics. It was clear that the transition from a centrally planned to a market economy and from an authoritarian to a democratic system in those societies would be even more difficult than in the case of the Eastern European countries. A bridge between short-term injections of goods and capital and medium-term development must be established in order to get local investment and production off the ground. The risks for discontent and unrest among the same populations which were the only guarantor for democracy were of such magnitude that the threat of setbacks was present at each stage of development. That danger was of deep concern to world leaders, as had been evidenced at the international conference convened at Washington, D.C., by the President of the United States. UNDP had been a member of the United Nations delegation invited to the conference and had led the United Nations system contribution to the Working Group on Technical Assistance. One of the achievements of that conference was the growing recognition that the integration of the CIS countries into the world economy and world society was a problem of global dimensions which concerned both developed and developing countries, and that both bilateral and multilateral cooperation would be needed.

(Mr. Draper)

34. In September 1991, Estonia, Latvia and Lithuania had applied for recipient status within UNDP and had requested an IPF allocation for the programme cycle 1992-1996. Belarus and Ukraine had taken a similar initiative in November 1991 and February 1992 respectively. While it was evident that most of the assistance needed would have to be financed from new and additional resources, he urged the Council to consider favourably those requests for an IPF allocation, in accordance with established policies and procedures, and to do so without delay. The application of the IPF formula would yield a total of some US$ 6 million, which was only slightly more than $200,000 per year per country.

35. A Division for Europe and the Commonwealth of Independent States was to be established, within the UNDP secretariat, and would report directly to him. The Director of the Division would be Mr. Reinhart Helmke, who was currently Executive Secretary of the United Nations Capital Development Fund and had already been responsible for the programmes in Eastern Europe between 1985 and 1988 as Deputy Director of the UNDP Office at Geneva. The Deputy Director would be Mr. Yves de San, who was currently Chief of the Division for Europe in the Bureau for Arab States and Europe.

36. UNDP would also need some form of presence in the field; the Joint Consultative Group on Policy had adopted a decision requesting him to call on the Council to authorize the immediate establishment of a field presence, where required, by the CIS countries, to support operational activities. It was understood that, in accordance with Council decision 91/24, those activities would be financed essentially from additional resources.

37. The CIS countries were faced with serious and pressing problems; the technical assistance capacity built up in UNDP could contribute in a meaningful way to their solution. There had been broad agreement among participants in the Washington conference, as well as among the agencies of the United Nations system, that assistance was urgently needed in developing the capability to manage foreign aid flows and cooperate with other UNDP recipient countries, so as to determine to what extent incoming aid, of whatever kind, could be absorbed, and to ensure that it had the desired impact. Capacity-building was an area in which the United Nations multilateral system, led by UNDP, had accumulated unequalled experience and offered a compelling comparative advantage. He therefore intended to structure a UNDP field presence around the concept of building up local capacities in aid management and international horizontal cooperation.

38. The first of those units might be assigned that task with regard to the Baltic Republics. The request of Estonia, Latvia and Lithuania to the United Nations to establish a trust fund for generating additional resources for technical cooperation, agreed to by the Secretary-General and entrusted to UNDP for implementation, made that unit an important one. A second such unit would be set up in Belarus, a long-standing member in both the United Nations and UNDP, which was entitled to an IPF and expected a significant volume of

foreign aid. If those units were established within a month, the cost for the current financial year, including the start-up cost, would be less than $1 million.

39. A comprehensive strategy for UNDP cooperation with the CIS countries would be charted in time for the next session of the Council. Meanwhile he hoped that the Council would accede to the request of Estonia, Latvia, Lithuania, Belarus and Ukraine for the establishment of indicative planning figures, as an essential step towards fostering the transformation which was the aspiration of the peoples of those lands.

40. Mr. LING (Observer for Belarus) said that the recent summit meeting of the Security Council had laid down the principles for building a new world order, after nearly half a century of "cold war". The newly independent members of the Commonwealth of Independent States had proclaimed qualitatively new principles of relations with each other and with the rest of the world. Over 70 States had recognized Belarus as a sovereign independent State, which gave fresh momentum to the democratic renewal of all aspects of public life and the transition to a market economy. That transition was taking place in the midst of a serious economic crisis caused by many complex economic processes and the breakdown of the established economic links in the former Soviet Union. Over the past two years, the gross domestic product of Belarus had declined by an average of 2 per cent a year, and national per capita income in 1989 had amounted to about $2,000; there had been a three to fivefold increase in the cost of living. It was only through immense efforts that it had been possible to prevent a major drop in industrial and agricultural output, and the situation could deteriorate further.

41. The situation was greatly aggravated by the after-effects of the Chernobyl disaster of April 1986. Some 70 per cent of the fallout of radionuclides had occurred in Belarus, and over 2 million people, or one fifth of the population, still lived in the affected areas. The ecological situation had sharply deteriorated. Levels of air pollution were many times higher than permissible norms; about 38 per cent of agricultural lands had suffered erosion by water or wind; and in 65 per cent of the territory ecological capacity had almost been exhausted.

42. The Parliament, Government and people of Belarus had mobilized all national resources to eliminate the consequences of the Chernobyl disaster, and had almost exhausted the reserves needed for the structural adjustment of the national economy, the introduction of new technologies and the protection of basic economic and social rights. It had become clear that without the assistance of the world community it would not be possible to achieve the goals of economic and democratic transformation within a reasonable period of time. His Government had therefore been compelled to request that Belarus should be accorded recipient status and be given an indicative planning figure for the fifth programming cycle on the basis of the criteria applied to all countries. That request was to be found in document DP/1992/9.

(Mr. Ling, Observer, Belarus)

43. Belarus was well aware that UNDP was designed to help countries with serious economic problems and that its resources were limited. For more than 40 years UNDP had successfully helped many countries build up their national potential by providing them with technical assistance. With the increase in the scale and complexity of the challenges facing it, the potential of UNDP had also increased because its activities were based on universality, neutrality, global access to technologies and a multidisciplinary view of problems. Belarus, a founding Member of the United Nations, had from the very outset provided political and all possible financial support to UNDP technical assistance programmes.

44. The world community of donor countries had demonstrated at the recent Washington conference its willingness to provide humanitarian and technical assistance to the peoples and newly independent States of the former Soviet Union; that resolve had recently been confirmed at a meeting held at Minsk between members of the contact group of the Washington conference and representatives of the CIS countries. The participants at those meetings had determined that the problems facing the CIS countries were global in nature and that the response to them had to be global. Belarus therefore hoped that UNDP would assist it in carrying out comprehensive social transformation. UNDP had extensive experience with regard to restructuring in developing countries and in solving similar socio-economic problems in the Eastern European countries. Belarus was prepared to use the services of experts and consultants not only from the industrially developed countries of the West, but also from developing countries which had successfully restructured their national economies, and from Eastern Europe. His Government, after its recent liberalization of prices, even more acutely felt the need for close cooperation with global, regional and national centres of expertise and coordination, so as to proceed efficiently, avoid problems and minimize human deprivation and suffering. Belarus needed partners for advice and assistance at the beginning. When the processes of change began to yield positive results, that cooperation would become mutually advantageous.

45. Belarus urgently needed UNDP assistance in restructuring its economy on free-market principles, easing the way out of a deep economic crisis and incorporating the economy in the system of world economic relations. It needed assistance in: the transition to market relations (privatization in industry and agriculture, economic infrastructure of the market, pricing policy, encouragement and regulation of entrepreneurial activities, elimination of monopolies); the restructuring of the economy and creation of export potential; the promotion of foreign capital investment and creation of special economic zones; the training of specialized personnel to work in a market economy; the conversion of military production; the creation of social security systems for the population under market conditions; and the formulation of a system of realistic and internationally comparable indicators of economic development.

(Mr. Ling, Observer, Belarus)

46. The deterioration of the overall economic situation and, in particular, the sharp decline in hard currency export earnings had made it impossible for Belarus to utilize external technical assistance under purely commercial conditions. His Government undertook to provide the necessary financial support in national currency for UNDP programmes and projects in its territory, and also organizational, legal and any other support that was necessary. Belarus, which had always been a net donor to UNDP, hoped that it would be able to count on reciprocal solidarity from the Council.

47. Mr. OUDOVENKO (Observer for Ukraine) said that in December 1991, the people of Ukraine had overwhelmingly endorsed the decision to establish an independent State; thus Ukraine, whose Government had previously controlled only 5 per cent of the Republic's economy, had gained political and economic independence. According to the estimates of international experts, Ukraine had a good chance of rapidly converting to a market economy and becoming an equal partner in the world economic system. However, it was currently encountering serious economic difficulties. For decades, Ukraine's natural resources had been mercilessly exploited, and a large proportion had been used to build up the military and industrial complex; Ukraine had produced up to 40 per cent of the nuclear weapons of the former Soviet Union. About 1.3 million of the best trained personnel had been involved in military production. Ukraine had been the first country with a large nuclear arsenal to take a decision regarding the complete destruction of nuclear weapons in its territory; enormous resources were needed for that process and for converting enterprises producing conventional weapons. The long-standing neglect of ecological problems had led to considerable pollution of the environment, which had also been disastrously affected by the Chernobyl accident, aggravated by the criminal concealment of the scale of what had occurred. The collapse of the centralized economic system, in which Ukraine had played a subordinate role, had led to a breakdown of economic links with the other Republics; despite the efforts of the Government to stabilize the situation, the standard of living had sharply declined. All the assets of the former Soviet Union had passed to the Russian Federation, and Ukraine also had to pay off part of the enormous foreign debt incurred by the leaders of the former Soviet Union.

48. In view of the complexity of the economic problems facing Ukraine, his Government had decided to request the Council to make Ukraine a recipient country in UNDP and give it an indicative planning figure for the fifth programming cycle on the basis of the calculations applied to other countries. His Government was prepared to provide all necessary data for those calculations, and also undertook to provide all necessary financial support in national currency to UNDP programmes and projects in its territory. It would also provide full support in implementing those projects and programmes.

(Mr. Oudovenko, Observer, Ukraine)

49. Ukraine did not regard the conversion of its status from donor to recipient country as a permanent measure; it was a question of the time needed to achieve full functioning of the economic mechanism, incorporation in the world economic system and strengthening of the newly created independent financial structures. UNDP assistance would consist of technical assistance and advisory services for the transfer to a market economy, especially in respect of privatization, conversion, encouragement of foreign investment, formulation of internationally comparable indicators of economic development, and training of skilled personnel. The people of Ukraine had the potential to build a flourishing society over the next few years, and would then be in a situation to provide assistance to other peoples and States.

50. Mr. JAAKSON (Observer for Estonia), speaking also on behalf of Latvia and Lithuania, said that the three Baltic States considered recipient country status important because of the expertise which UNDP could provide in the area of democratic institution-building and the management of national economies, in order to help reintegrate those countries into the international community during the critical transition period after years of political and economic isolation. The Programme had already begun work with the Baltic States. A UNDP aide-memoire summarizing the areas of need as described by the Baltic Governments called for cooperation in strengthening central banks and introducing new currencies, the development of the private sector, protection of the environment, and the advancement of national and international legal expertise.

51. Development would depend on economic cooperation and technology sharing with both developed and developing countries. In addition to receiving assistance, the Baltic States also wanted to provide expertise in selected areas to other developing countries, particularly those of the Commonwealth of Independent States. The Baltic States had already provided medical and engineering services to other countries throughout the world.

52. The United Nations and the Baltic States were in the process of establishing a Baltic trust fund for UNDP programmes, which would offer donors an aid-delivery mechanism. The fund would not receive monies from the UNDP regular budget. The Baltic States hoped to develop funding sources that were different from those which supported development in other parts of the world. As international disarmament proceeded, the total amount of funds available for international development should increase. Furthermore, institution-building and economic development in the Baltic States and elsewhere should lead to greater economic efficiency, freeing resources for more constructive purposes than in the past.

53. The Baltic States were currently facing shortages of food, medical supplies and household fuel. Immediate short-term relief and planning were of paramount importance to ensure their future availability. That made it all the more important to build and strengthen institutions which could determine critical needs and ensure the collection and distribution of emergency items.

54. Mr. BARAC (Romania) said that his delegation strongly supported the legitimate request by Estonia, Latvia, Lithuania, Belarus and Ukraine for status as recipient members of UNDP. Through its universality and neutrality, the Programme could play an important catalytic role in helping those countries overcome the serious problems facing them in the difficult transition to a market economy. By its positive contribution in assisting those countries as well as the others in Eastern Europe, UNDP would be meeting a major challenge of the current time. In that connection, he pointed out that Governing Council decision 91/24 was only a first, modest step in the right direction. More must be done to ensure that the restructuring of the economies of Eastern European countries benefited the peoples concerned and the rest of the world. Accordingly, Romania looked forward to the formulation and presentation of the country and intercountry programmes reflecting decision 91/24 at the thirty-ninth session of the Governing Council.

55. Ms. JACOBSEN (Norway), speaking on behalf of the Nordic countries, said that they supported the granting of recipient country status to Estonia, Latvia, Lithuania, Belarus and Ukraine, and felt that the exact calculation of the IPFs for those countries should be based on accurate and up-to-date information on their GNPs, which were not yet available. The allocation of IPFs for those and possibly other countries would have implications for the total financial situation of programme resources for the fifth cycle. That question should be considered at a later date on the basis of appropriate documentation distributed well in advance. UNDP activities in Eastern Europe and the former Soviet Union should be the subject of a separate debate, keeping in mind the overall role of the Programme and the need for a common approach.

HUMAN DEVELOPMENT REPORT (DP/1992/13)

56. Mr. DRAPER (Administrator) said that the report in document DP/1992/13 had been prepared pursuant to Governing Council decision 91/6 and General Assembly decision 46/218. The report summarized the outcome of the regional consultations with Member States on the Human Development Report organized by UNDP. Delegations had in general agreed that the topic to be addressed in the Human Development Report 1992 - the international dimensions of human development - was of concern to them. It had been stressed that that focus would complement the discussion on the 1990 and 1991 editions of the Report, which had dealt with national policy measures for human development.

57. During the consultations, a number of questions had been raised about whether and how to measure political freedom and civil rights. The deliberations on that issue had continued during the forty-sixth session of the General Assembly. By its resolution 46/218, the Assembly had referred the matter back to the Council at its current session. A number of informal consultations had taken place since December. He hoped that delegations would be able to agree on the outstanding issues at the current session and maintain the independent nature of the Report, which was of great importance.

58. Mr. MARKER (Pakistan), speaking on behalf of the Group of 77, stressed that under General Assembly decision 46/218, the views expressed by delegations at the special session of the Governing Council should be taken fully into account in deciding on future work. While fully appreciative of the work done by UNDP in the field of development, some delegations in regional consultations and other informal discussions had questioned the very mandate of the Programme to enter into areas which were best left to agencies and intergovernmental bodies that dealt with human rights. The involvement of UNDP in such controversial areas would undermine its neutral and non-political nature, which was its greatest asset. The Group of 77 fully agreed that development could not be quantified only in terms of GNP, and that freedom was an essential component of development. On the other hand, it was difficult to understand how UNDP could develop the human development index and the political freedom index on the basis of selective data which could not be justified by empirical measurement. The entire process required detailed research and refinement.

59. It would be unfortunate if UNDP pushed through another document containing arbitrary rankings, which even in the short term might lead to conditionalities for the provision of external assistance. At a time when the international economic situation for developing countries was worsening, negative input from the United Nations system could be a step backwards. The Group of 77, therefore, strongly urged UNDP to refrain from including the human development index and the political freedom index in the Human Development Report 1992. Lastly, the Group did not support the idea that the Programme should evaluate political performance by Governments or the practice of ranking countries in any fashion in the Report.

60. Mr. MARQUES (Portugal), speaking on behalf of the European Community, said that the Twelve had found the 1990 and 1991 editions of the Report very useful. The Report had restored UNDP to the forefront of the development debate. Part of the value of the Report was that it was produced by an independent team and dealt with the responsibilities of both developed and developing countries.

61. It was now widely recognized that freedom was an integral part of development. UNDP, the central organization within the United Nations system in charge of development, had a clear mandate to research the linkages between development and freedom. The political freedom index could play an important role in that regard. The Twelve, therefore, attached great importance to continued work on that issue by the Human Development Report team, which had made a major effort to respond promptly to criticisms of the methodology and perceived bias of the index. The outline of the Human Development Report 1992 showed obvious improvements, particularly with regard to the political freedom index. The Twelve hoped that the team would continue to refine the index in the future. The full use of available United Nations data could provide an unchallenged basis for elaborating the index. The Twelve supported the retention of the composite index covering all countries, which most clearly illustrated the linkage between freedom and development. The proposal put

(Mr. Marques, Portugal)

forward by a number of countries to abolish the index was unacceptable since such action would fatally compromise the independence of the Report.

62. Mr. BELLERS (Denmark), speaking on behalf of the Nordic countries, said that in introducing the Human Development Report, UNDP had made a major contribution by focusing attention on the connection between economic development and human freedom as an important feature of human development. That task was clearly within the mandate of the Programme and could be properly carried out only if the professional integrity and independence of the team that elaborated the Report were ensured. The 1991 edition of the Report had tried to break new ground by introducing the human freedom index. Although that edition of the Report had limitations and shortcomings, that should not prevent the Council from exploring new approaches. The changes suggested for the 1992 edition had shown that the team drawing up the Report was creative and could learn from past experience, and that fruitful debate among the members of the Council and subsequent consultations could have a significant catalytic impact without interfering with the drafting of the Report. The Nordic countries hoped that that process could be continued.

63. Mr. MARKS (United States of America) said that the changing world situation had given rise to new and more progressive ideas about development. As the representative of Pakistan had pointed out, freedom was an essential component of development. That was especially true in the area of human development. In that connection, he commended the active efforts by UNDP in analysing and consulting on the economic, social and political aspects of human development. In particular, the Human Development Report was a very useful contribution in that regard. He reiterated his Government's support for the professionalism and independence of the Programme's work in that area. The consultations held in recent months were an important part of that process and must continue. His delegation would participate actively in such efforts in order to reach a meeting of minds in support of that important work by UNDP and the United Nations system.

64. Mr. ZHANG Guanghui (China) said that there were still serious differences of opinion on the human freedom index. China had made major concessions in that regard in order to avoid confrontation between Member States and damaging the image of UNDP. He hoped that the Programme would act in accordance with the principles of universality, multilateralism and neutrality in providing technical assistance to developing countries, and thus help them revitalize their economies in the 1990s. It was very regrettable that the legitimate rights of developing countries had not been given serious consideration. Like many other countries, China believed that the discussion of political freedom did not fall within the mandate of UNDP and would divert the attention of the international community from the difficulties facing the developing countries. The inclusion of the human freedom index in the 1991 edition of the Report had been a mistake. UNDP had used a report by the State Department of one country and data collected by some non-governmental organizations in order to make unjustified and distorted evaluations of the legislation,

(Mr. Zhang Guanghui, China)

judicial systems and policies of certain States. That constituted interference in the domestic policies of countries and was in violation of the spirit of the Charter of the United Nations. UNDP must take full account of the different development levels, cultural traditions and social systems of Member States and should not attempt to impose the criteria for political freedom and values espoused by a particular group of countries. The UNDP country profile on China did not reflect the actual situation in the country and was totally unacceptable to his delegation. China was resolutely opposed to including that material in the Human Development Report 1992.

65. Mr. RYSINSKI (Poland) said that, although his delegation had supported retention of the human freedom index, it recognized at the same time the polarization of views on that issue. In order to reach a compromise solution, he proposed that the index should be used on a voluntary basis. Accordingly, countries could inform the secretariat whether they agreed to the application of the human freedom index or not.

66. Mr. KOIKE (Japan) stressed that the overall objective of the Human Development Report was to stimulate public concern and eventually bring about policy changes. The 1991 edition had shown that human development encompassed all spheres of human activity, and demonstrated that the Governments concerned should allocate more resources to activities directly related to human welfare, such as education and health care. The inclusion of the human freedom index had created a division among Member States. It was time to resolve differences for the sake of long-term objectives. The survival of the Human Development Report itself was at stake. Japan supported the independent nature of the Report, which was not a document subject to negotiation. The analysis of human development and freedom should be continued, but should not be pursued in isolation from the mandates of other bodies.

67. Mrs. DUDIK-GAYOSA (United States of America) said that her delegation objected to the making of statements on behalf of groups, in that it contravened Governing Council practice.

68. The PRESIDENT said that the Governing Council noted the reservation expressed by the representative of the United States of America.

The meeting rose at 1.15 p.m.